

MONTHLY TRADE REPORT – August 2006

- **Merchandise exports** increased a tepid 0.3% in August to reach \$38.7 billion.
 - Exports to the U.S. fell by 0.8% in August as the U.S. economy started to show signs of weaker growth. Rising inventories of new homes and a sharp drop in sales of new and existing homes in July are indicators of a cooling housing sector. Consumer confidence has also dropped, from 107 in July to 100.2 in August.
 - Exports to Japan climbed by 13.8%, recovering from a sharp drop in the previous month while exports to the EU grew by 2.1% in the same month. Both Japan and the EU economies continued to record positive growth reflected by second quarter GDP growth of 0.2% and 0.9% respectively.
 - Exports to the rest of the world increased by 4.6% to reach the highest monthly level on record at \$4.5 billion, resulting from exponential economic growth in the emerging economies.
 - Reflecting higher commodity prices, the industrial goods sector (including metals, chemicals and plastics) contributed the largest share in export growth in August as it reached record levels. Automotive exports also helped to boost exports in August increasing by 2.6% for the month. A steep drop in energy and machinery and equipment exports was not sufficient in bringing total exports down for the month.
- **Merchandise imports** decreased by 0.6%, to reach \$34.5 billion for the month.
 - Imports from the U.S. accounted for most of the drop, falling by 1.5% for the month. Much of this was due to lower imports of automotive products as the sector recovered to seasonal levels from the record high reached in the previous month.
 - Imports from Japan and the EU increased by 6.7% and 8.4% respectively while they fell by 3.2% from all other destinations.
 - By sector, imports grew moderately in all sectors with the exception of automotive and consumer goods, imports that fell 6.8% and 0.2% respectively.
- The **merchandise trade surplus** widened by \$350 million to reach \$4.2 billion in August. Compared to the same month in 2005, the surplus decreased by \$2.2 billion.



KEY TRADE STATISTICS – August 2006

	August \$ millions	% change over		YTD 2006 \$ millions	YTD % change previous year
		previous month	previous year		
Exports					
-United States	30,567	-0.8	-1.7	243,721	2.2
-EU	2,709	2.1	4.5	21,506	13.0
-Japan	940	13.8	7.8	7,031	4.9
-Other	4,456	4.6	9.4	32,431	10.1
All	38,672	0.3	0.1	304,689	3.8
Imports					
-United States	22,372	-1.5	3.0	174,949	1.6
-EU	3,715	8.4	19.9	27,831	10.0
-Japan	1,065	6.7	16.6	7,984	7.3
-Other	7,317	-3.2	11.5	56,377	10.4
All	34,469	-0.6	6.8	267,141	4.3
Trade Balance	4,203	3,853	-	37,548	-
Commodity Prices	204.2	200.8	189.7		
Can/US Exchange Rate	1.118	1.129	1.204		

China¹					
-Exports	667	n.a.	6.0	4,551	-3.6
-Imports	3,187	n.a.	9.6	21,739	18.5
Trade Balance	-2,520	n.a.	-	-17,188	-

MAJOR COMMODITY GROUPINGS

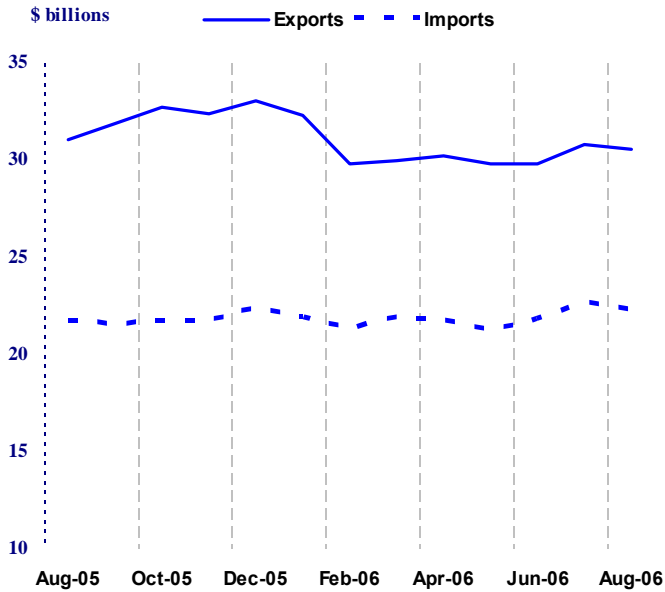
	August \$ millions	% change over		YTD 2006 \$ millions	YTD % change previous year
		previous month	previous year		
Exports					
-Agricultural & Fishing	2,665	3.2	1.8	20,571	4.2
-Energy	7,718	-2.2	-1.5	59,781	14.6
-Forestry	2,729	-0.1	-6.1	22,771	-7.2
-Industrial Goods	8,341	2.8	18.0	61,062	8.8
-Machinery & Equipment	8,015	-1.2	0.3	63,305	0.5
-Automotive	6,493	2.6	-13.6	55,536	-2.6
-Consumer Goods	1,516	-0.9	2.4	11,653	0.4
Imports					
-Agricultural & Fishing	1,996	0.3	9.7	15,379	5.6
-Energy	3,353	1.6	14.7	23,540	9.7
-Forestry	258	4.9	5.3	2,029	-4.7
-Industrial Goods	7,038	0.3	10.3	55,417	6.5
-Machinery & Equipment	9,620	0.8	3.9	75,368	3.1
-Automotive	6,817	-6.8	2.9	53,357	2.5
-Consumer Goods	4,283	-0.2	5.9	34,106	4.3

¹ Chinese trade data are only available on a customs basis, whereas all other data are on a balance of payments basis and are therefore not strictly comparable. Statistics Canada is in the process of producing balance of payments data for China.

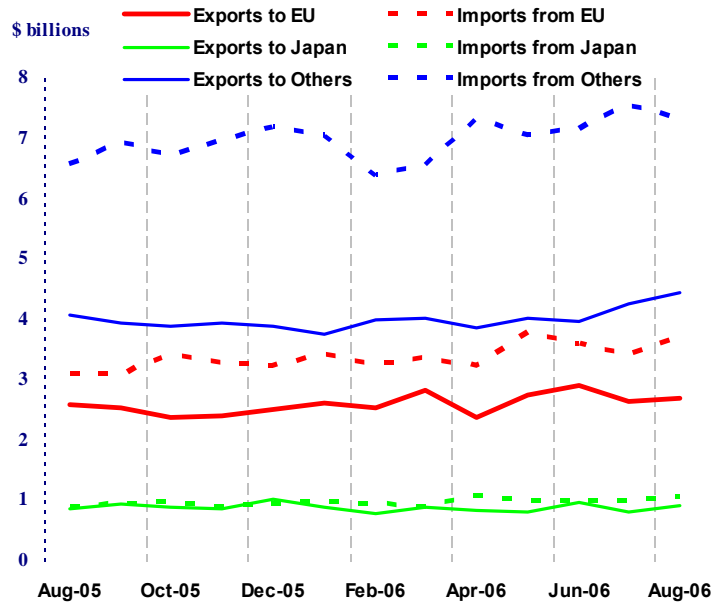


KEY ECONOMIC INDICATORS

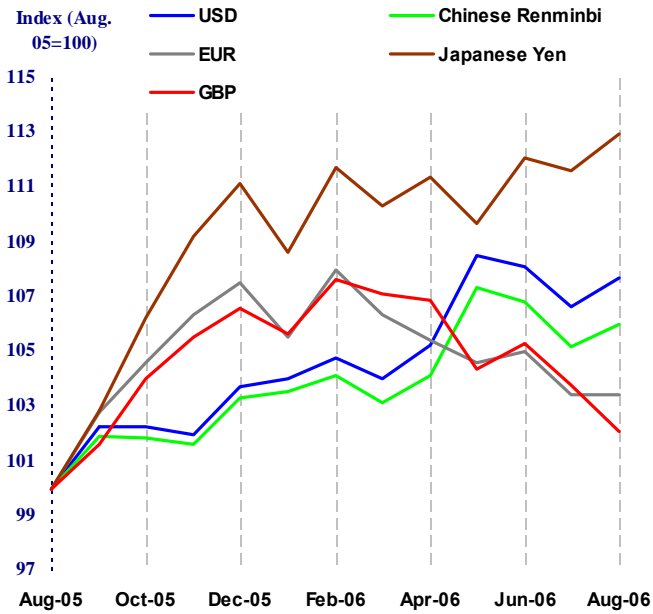
Canada-U.S. Trade*



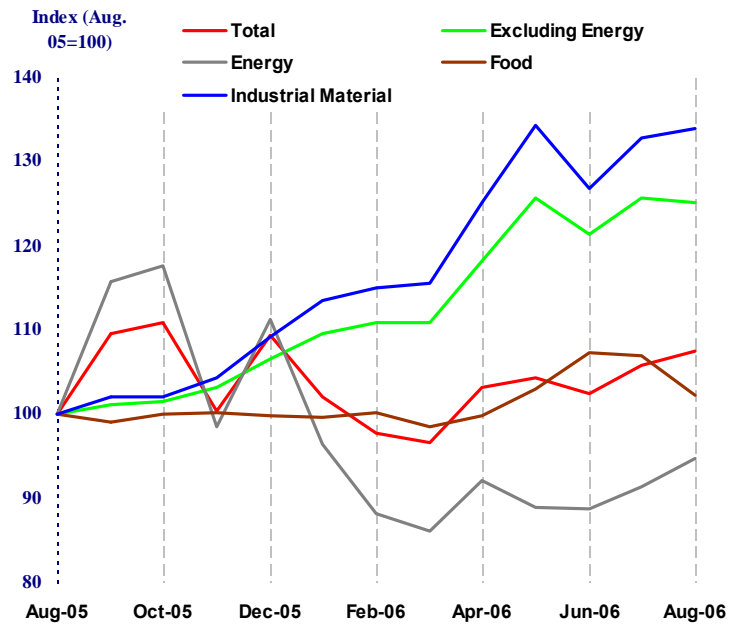
Trade with EU, Japan and Others*



Exchange Rate Index (Cnd \$ vs.)



Commodity Price Index



* The time series trade data do not include revisions to the historical figures.

